

From: Lenling, Amy
Sent: Wednesday, January 16, 2002 3:00 PM
To: 'jeffrey_richman@aporter.com'; Arwady, Marjorie D.; Carchman, Loreen; Garcich, Claire; Counts, Mary Ellen; Desel, Paula; Lewis, Jane Y.; Murillo, Joe; Neidle, Bruce L.; Nelson, Christopher (PMMC); Osborne, Kevin (PMMC Legal); Patskan, George J.; Podraza, Ken F.; Reininghaus, Wolf; Roethig, Hans; Suter, Eric; Walk, Roger A.; Whidden, Roger
Subject: Vector's LeBow hopes new brands spur smoking drop

Vector plans to launch its nicotine-free cigarette in March. LeBow states that Vector is testing its nicotine-free cigarette along with a nicotine patch in a possible sign of a joint marketing agreement in the future. That cigarette could be marketed as a smoking cessation device in a few years, depending on those results. The article states that the company is looking for less expensive alternatives to palladium. In addition, LeBow states that Vector is also working on trimming the nitric oxide levels in Omni. The company admits that a process used in the production of Omni increases the level of nitric oxide, which has been reported to have a toxic effect on cells.

Wednesday January 16, 2:28 pm Eastern Time

Vector's LeBow hopes new brands spur smoking drop

By Jessica Wohl

NEW YORK, Jan 16 (Reuters) - Bennett LeBow -- who broke ranks with the rest of the tobacco world by admitting in 1997 that smoking is addictive and causes cancer -- has two new products that he says he hopes can wipe out smoking for good.

LeBow, the chairman and chief executive of Vector Group Ltd. and CEO of its Vector Tobacco Inc. subsidiary, said "I want to do two things: We're trying to focus the company on coming out with a no-nicotine cigarette, to help people stop smoking.

"And in the meantime, for those who can't stop with all of the help you give them, let's see what we can do to help them from a risk point of view," LeBow told Reuters in a recent phone interview.

To that end, Vector launched Omni, which it calls a reduced carcinogen cigarette, in November 2001. LeBow has repeatedly said that there is no such thing as a safe cigarette, but he sees Omni as a step in the right direction.

But anti-tobacco groups are skeptical, since there is no proof that Omni reduces the risk of disease.

Vector is set to introduce a nicotine-free cigarette in March. The new product, the name of which has not yet been revealed, is expected to hit stores in April.

The products seem like a strange course for a cigarette maker to take, as success could drive down the sales of the company's regular brands, such as Jade and Eve. But keep in mind, these are products from LeBow, who has testified against the tobacco industry.

"People should not smoke," LeBow said. "If they do, they should quit."

And he stands by the idea that wiping out smoking is a good thing, even if it means a drop in sales.

"We're happy to have everybody quit smoking," LeBow said.

ANTI-SMOKING GROUPS NOT YET CONVINCED

Still, public health organizations see the company's presentation of Omni as a risky prospect for consumers.

Vector is marketing Omni without any concrete health claims to back up the idea that it is safer, but it is still using the reduction in cancer-causing agents as a selling point.

A tagline in advertisements for the product reads "Reduced carcinogens. Premium taste."

That wording raises the eyebrows of anti-smoking activists, who are concerned that smokers will pay attention to such ads and disregard more specific wording on cigarette packs.

"He deserves praise for trying to venture into this area and trying out these types of products," Matthew Myers, president of the Campaign for Tobacco-Free Kids, said of LeBow. "But he lost the public health community's support completely when he made the kind of claims that he's making for Omni."

Vector spells out Omni's risks in a warning on the cigarette's packaging, which says that reduced carcinogens "have NOT been proven to result in a safer cigarette."

The company asserts that Omni is helpful in curbing smoking. In a six-week test of 30 smokers who tried Omni, the company said it found that about two-thirds of those smokers were able to cut their smoking by at least half.

Vector is testing its nicotine-free cigarette along with a nicotine patch in a possible sign of a joint marketing agreement in the future. That cigarette could be marketed as a smoking cessation device in a few years, depending on those results, LeBow said.

"The concept of a tobacco product without nicotine is on its face a good idea," Myers said. "But you have to know what's in the product and we don't know that yet."

WORK IN PROGRESS

As the company gets more experience with reduced-carcinogen technology, LeBow hopes to use it in all of Liggett's brands.

"How could you not, at that point?" he asked rhetorically.

The company is looking for less expensive alternatives to palladium, the current catalyst in Omni and a platinum-group metal.

Vector is also working on trimming the nitric oxide levels in Omni, LeBow said. The company admits that a process used in the production of Omni increases the level of nitric oxide, which has been reported to have a toxic effect on cells.

LeBow said Vector plans to increase spending on research as it tries to improve its products.